

*B1* > establishing a reserve credit account (RCA) for said customer with said merchant;

*A2* recording the accumulation of funds in said RCA in response to payments voluntarily given to said merchant by said customer after said first financial transaction; and

engaging in a second financial transaction between said customer and said merchant, said second financial transaction occurring after said first financial transaction and involving one of said item and another item at the option of said customer, and said second financial transaction causing funds recorded in said RCA to be reduced.

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*S21* > 16. (AMENDED) A new and useful process for managing ownership of a valuable item involved in a first financial transaction between a merchant and a customer, said process comprising the steps of:

*A2* forming a lease agreement for leasing said item to a customer in said first financial transaction, said lease agreement being configured so that said customer is obligated to make periodic lease payments to said merchant;

establishing a reserve credit account (RCA) for said customer with said merchant;

registering the accumulation of funds in said RCA in response to voluntary payments received by said merchant from said customer after said first financial transaction; and

recording a second financial transaction between said customer and said merchant, said second financial transaction occurring after said first financial transaction, said second financial transaction involving one of said item and another item at the option of said customer, and said second financial transaction causing funds recorded in said RCA to be reduced.

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§ 17 20. (AMENDED) A new and useful process for managing ownership of a valuable item involved in a first financial transaction between a merchant and a customer, said process comprising:

leasing said item to a customer in said first financial transaction so that a lease term is established, a purchase price for said item is set, said customer is obligated to make periodic lease payments to said merchant, said customer has an option to purchase said item from said merchant for said purchase price during said lease term, and said obligation to make subsequent periodic lease payments is removed upon a return of said item to said merchant during said lease term;

establishing a reserve credit account (RCA) for said customer with said merchant;

recording the accumulation of funds in said RCA in response to payments voluntarily given to said merchant by said customer after said first financial transaction, said funds accumulating to quantities greater than the total of said payments voluntarily given to said merchant by said customer;

posting said lease payments to accounts for rent and sales tax as said lease payments are received;

sending statements from said merchant to said customer from time to time, said statements indicating quantities of funds recorded in said RCA for said customer; and

engaging in a second financial transaction between said customer and said merchant, said second financial transaction occurring after said first financial transaction, said second financial transaction involving one of said item and another item at the option of said customer, and said second financial transaction causing funds recorded in said RCA to be reduced.

For the Examiner's review, a marked-up copy of each of the above-indicated claims depicting the amendments thereto is appended hereto in an Appendix A.

In The Specification

Please replace the paragraph beginning on page 11 line 1 as follows:

While not necessarily collected during task 50, gemstone identification (ID) numbers are also included in item list 52 for item 10. As discussed above, item 10 may include gemstone 16. In the preferred embodiment, a gemstone identification process is performed for gemstone 16 to provide a data set (not shown) which can be later used to physically identify gemstone 16. The data set is obtained as a result of optically scanning gemstone 16. One example of such a gemstone identification process is presented in U.S. Patent No. 5,124,935 entitled "Gemstone Identification, Tracking and Recovery System," assigned to Omphalos Recovery Systems, Inc. of Toronto, Canada. The gemstone ID number included in item list 52 identifies the data set. However, this ID number may be supplied after performing task 50.

For the Examiner's review, a marked-up copy of each of the above-indicated paragraphs depicting the amendments thereto is appended hereto in an Appendix B.

**REMARKS**

The present amendment responds to the Office Action dated 24 April 2002. Claims 1-20 were originally filed in this application, and claims 1-20 remain pending. The Office Action rejected claims 1-20 under the provisions of 35 U.S.C. §103(a) as being obvious under *Walker et al.* (U.S. Patent No. 6,208,978).